

Implementation of the DFI Approach Statement:

Where do we stand?

DFI Working Group on Corporate Governance

Jeddah, Kingdom of Saudi Arabia

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Outline

- **DFI implementation roadmap**
- **Conclusion & Next Steps**

DFI implementation roadmap

DFI Approach Statement on Corporate Governance

5 Approach Statement Elements focusing on:

- 1. Corporate governance policy, guidelines, procedures*
- 2. Corporate governance training*
- 3. Observance of local corporate governance codes*
- 4. Use of internationally recognized financial reporting standards*
- 5. Collaboration with other DFIs*

DFI implementation roadmap

	Level 1	Level 2	Level 3	Level 4
CG Policies, Guidelines and Procedures	<ul style="list-style-type: none"> ➤ Signatory to the <i>DFI Approach Statement on Corporate Governance</i> 	<ul style="list-style-type: none"> ➤ CG Due Diligence policy or guidelines in place ➤ Signatory to DFI CG Toolkit (<i>as of 2011 IMF/WB Annual Meetings</i>) or equivalent set of tools 	<ul style="list-style-type: none"> ➤ DFI CG Toolkit or equivalent set of tools are integral part of the investment appraisal process ➤ Investment process to test compliance with CG Due Diligence policy of guidelines 	<ul style="list-style-type: none"> ➤ CG improvement programs in place whenever necessary ➤ External reporting, on portfolio basis, with regards to CG progress in the portfolio

DFI implementation roadmap

	Level 1	Level 2	Level 3	Level 4
Organizational capacity	<ul style="list-style-type: none"> ➤ At least 1 staff member within the DFI is general contact person for CG matters (<i>related to investee companies not DFI itself</i>) 	<ul style="list-style-type: none"> ➤ Commitment of DFI senior management to implement CG Due Diligence policy, guidelines and procedures ➤ Responsibility for implementation rests with at least one person or group of “CG Champions” 	<ul style="list-style-type: none"> ➤ Longer term implementation of CG approach defined, including available budget and capacity requirements ➤ Responsibility for CG risk assessment rests with all investment staff or (dedicated) CG specialist(s) 	<ul style="list-style-type: none"> ➤ CG management and implementation is an integral part of the project appraisal process

DFI implementation roadmap

	Level 1	Level 2	Level 3	Level 4
Training	<ul style="list-style-type: none"> ➤ Provide or procure CG training to investment staff in order to raise awareness 	<ul style="list-style-type: none"> ➤ Train (investment) staff in the institution's CG Due Diligence policy, guidelines and procedures ➤ Train investment staff in applying the DFI CG Toolkit or equivalent set of tools 	<ul style="list-style-type: none"> ➤ Train investment staff in designing and implementing CG improvement programs 	<ul style="list-style-type: none"> ➤ Train investee companies (boards, senior management) when and where appropriate

DFI implementation roadmap

	Level 1	Level 2	Level 3	Level 4
Encourage / require investee companies to comply with CG best practices	<ul style="list-style-type: none"> ➤ Require use of international auditing and accounting standards of investee companies 	<ul style="list-style-type: none"> ➤ Require compliance with national CG codes or CG best practices 	<ul style="list-style-type: none"> ➤ Agree on CG improvement programs with investee companies 	<ul style="list-style-type: none"> ➤ Consider incentives for investee companies when they have delivered on improving CG practices

DFI implementation roadmap

	Level 1	Level 2	Level 3	Level 4
DFI Cooperation	<ul style="list-style-type: none">➤ Participate in annual DFI gatherings	<ul style="list-style-type: none">➤ Regular exchange of ideas and experiences➤ Cooperate on training	<ul style="list-style-type: none">➤ Organization of learning events for investee companies and other DFIs	<ul style="list-style-type: none">➤ Developing and sharing new ideas, policies, tools, etc.

Conclusion & Next Steps

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- Results of Voting: where do we stand?
- Next Steps

Thank you!!
Questions??

